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FOREIGN POLICY BULLETIN

An interpretation of current international events by the Research Staff of the Foreign Policy Association

FOREIGN POLICY ASSOCIATION, Incorporated

22 East 38th Street, New York 16, N. Y.

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NOVEMBER 16, 1945

ALLIES MUST PUSH SOCIAL TRANSFORMATION OF GERMANY

PARIS.—The late autumn sun is kind to the fair countryside of France. Seen from the air, the landscape unrolls like a luminous tapestry, with its tender blues and greens and yellows, and the Seine shimmering like spun silver in the sunlight. Then, on landing, the ineffable, never-fading beauty of Paris evokes so many memories of a glorious past as to efface the miseries of the present. Here is the other side of the German problem: the side so seldom discussed or understood in Britain and the United States, the ever-present nightmare that the Germans, seemingly defeated, will rise in one more effort to obliterate France. As a priest rouses the echoes of crowded Notre Dame by his account of the heart-rending sufferings endured by his flock in a Vosges village during the German occupation, as one talks with those who returned from prison camps and deportation, and thinks of the many others who succumbed in the bitterest kind of exile, it is more difficult than it was among the ruins of Berlin to be distressed by the hardships of the Germans.

Already, appealing to the sense of fairness of the British and Americans, the Germans lament their plight—they who for the most part showed little sympathy for the victims of the Nazis even in their own midst. Yet if we were to sink to the Nazis' level in our treatment of Germany, we would, in effect, have been defeated by Hitler, would have become tainted with the inhumanity of Nazism. Here is our cruel dilemma: we could in theory shoot every tenth German in revenge for what was done by the Nazis to other peoples, but none of the Allies—and this is just as true of the victims of Germany, like the French, the Poles, and the Russians, as it is of the British and ourselves—is prepared to claim an eye for an eye and a tooth for a tooth. At the same time, while we are unwilling to shoot Germans in cold blood, neither can we in all conscience allow them

to die of slow starvation.

ALLIES' ECONOMIC DILEMMA. The economic problem of Germany boils down to this: how are the Allies to assure the Germans a subsistence standard of living without at the same time permitting them to restore their economy to a point at which they can again prove a threat to Europe and the rest of the world? There are several basic considerations that must be taken into account in framing a long-term economic program for Germany, and only a long-term program is worth considering at all.

1. The destruction from which Germany is now suffering is a direct result of the war. The Germans, as British Foreign Secretary Bevin pointed out in his House of Commons speech of October 26, were offered several opportunities by the Allies to escape this destruction through surrender, but were either unwilling or unable to give up until Germany had been invaded.

2. This destruction has, for the time being, deprived Germany of military power, but a thorough inventory, according to some observers on the spot, will reveal that many of Germany's industries can be easily reclaimed, given the technical efficiency of the Germans, which remains superior to that of most of their neighbors—provided of course the Germans can obtain from abroad the raw materials they need.

3. There is no disagreement among the occupying powers about the necessity of eliminating industries required solely for war purposes—armaments of all kinds, synthetic oil and rubber, chemicals used for warfare. Disagreement begins when the question of types and numbers of industries to be retained by Germany for peacetime purposes is raised. Studies thus far made of Germany's economic needs reveal the great, perhaps intractable, difficulties of reaching a practicable agreement on this point.

4. As passions cool off, there is a growing ten-

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dency to wonder whether destruction of industries other than those used specifically for war is desirable, not only from the point of view of the Germans but from the larger point of view of European economy. The Potsdam yardstick to make Germany's standard of living no higher than that of its neighbors, exclusive of Britain and Russia, could readily become a premium for inefficiency and give some, at least, of Germany's neighbors the feeling that they need not strive to strengthen their economic position and improve their social conditions since Germany would in any case be prevented by the Allies from rising above a certain low level of production.

5. Meanwhile, the two major mistakes already made by the Allies with respect to Germany—the creation of four zones, communications between which remain of the most tenuous nature, and the cession of Germany's most productive agricultural areas to Poland, which lacks the mechanical implements to continue their development—gravely hamper the establishment in Germany of even a subsistence standard of living. If the present situation persists, the Allies may be indefinitely forced to furnish Germany with food and possibly other essentials; and Germany could easily become a vast WPA project, dependent on the hand-outs of the occupying powers, and that means Britain and the United States.

A PROGRAM AFTER POTSDAM. To cope with the multifarious problems that have emerged in Germany, many of which could have been anticipated long ago, the Allies need to reconsider the program they adopted at Potsdam—a program which, to use the words of a Parisian review, can be described as the "Peace of Damocles." It may be too late to reverse the cession of Germany's principal agrarian regions to Poland, greatly aggravated by the deportation of Germans from that area (as well as from the territory ceded to Russia and from the Sudetenland), although many of the Poles who were sent into those areas to settle have already returned home disappointed because they do not have the means to cultivate German farms.

But three measures, at least, could be weighed by the Allies. First, interzonal communications could be restored by the creation envisaged in the Potsdam

declaration of five central administrative departments under the supervision of the Allied Control Council. France's opposition to the creation of a central administration is due to fear that this measure will lead directly to revival of Germany's military power. This is a legitimate fear, and the other three occupying powers should take steps to alleviate it by preventing the military resurgence of the Germans through a second measure, and that is by depriving German industrialists and big landowners of ownership of their properties. The Russians have already done this by breaking up the Junker estates in East Prussia, a step many American commentators had long urged as essential for the social transformation of Germany. So far, we have shrunk from outright expropriation, except in the case of outstanding Nazi leaders, because of our own attachment to the concepts of private property and free enterprise. But surely the destruction of factories in Germany is a drastic alternative to change of ownership.

It is at this point that the French proposal for international control of the Ruhr deserves consideration. If ownership of the mines is left in the hands of those who aided Hitler, this will not only make the French, Russians and others in Europe feel that Germany has a good chance of recovering its military power, but will convince the German workers, whose support we need for a more democratic political system, that the Allies have no intention of advancing social democracy in Germany. Third, once ownership of Germany's basic raw materials has been taken out of the hands of those who supported militarist policies, the Allies should consider whether control of German industrial production, together with the control they intend to exercise over exports and imports, would not be more effective in holding Germany to a peacetime economy than attempts to set arbitrary standards as to the extent and character of German production. Allied decisions regarding Germany, however, will depend in large measure on the character of the relations that can be developed between the Western powers and Russia.

VERA MICHELES DEAN

(The third in a series of articles on Germany.)

FUTURE OF KOREA HINGES ON U.S.-SOVIET RELATIONS

The ability of the great powers to deal justly with the peoples of the Far East is now being tested at a dozen different points from Surabaya to Seoul. Attention has naturally centered on the civil war in China and on the British and French campaigns against nationalist movements in Southeast Asia, but developments in the former Japanese colony of Korea will also bear watching for the light they throw on American-Soviet relations and for their effects on the welfare of some 25,000,000 Koreans.

Although the people of Korea were promised independence "in due course" by the United States, Britain and China in the Cairo declaration of November 1943, they are confronted by the fact that, under arrangements which may have been drawn up at Yalta, their country has been divided into two occupation zones along the line of the thirty-eighth parallel.

DANGER OF TWO KOREAS. The northern, Soviet zone of occupation, bordering on the U.S.S.R.

and Manchuria, contains the heart of Korean heavy industry and produces virtually all the coal, iron, steel, chemicals and hydroelectric power of the peninsula. The southern, American zone, ruled by a military government subordinate to General MacArthur, is a rich agricultural region with light industries producing consumers' goods. In the past the south has depended on the north for coal and power, while the north has been a purchaser of southern rice. In the period since the Japanese surrender there has been no interruption of the flow of electric power, but normal trade and railway traffic are not functioning between the areas. The occupying authorities also seem to be following divergent policies, for the Russians are rumored to be emphasizing agrarian reforms, while the United States is encouraging Korean leaders who have a more conservative program.

Little is known publicly about the origin of the zonal arrangement, but it was presumably drawn up in the expectation that both the United States and the Soviet Union would wage extended campaigns in Korea. Had Japan fought to virtual exhaustion, as Germany did, the two invading Allied armies, approaching each other from the south and the north, might ultimately have met on the line of the thirty-eighth parallel. Meanwhile there would have been time, however great the difficulties, to attempt the preparation of a single administrative plan for the whole of post-war Korea. If this hypothesis is correct, Allied arrangements were upset by the abrupt termination of the war, and Washington and Moscow were left to apply agreements designed for a period of military operations. The United States is now interested in breaking down the zonal barriers and creating a four-power trusteeship for Korea, but there has been no suggestion that the Russians have violated any pledges by maintaining a separate zone in northern Korea.

SYMBOL OF BIG TWO RELATIONS. Viewed purely as a technical problem, the difficulties of the dividing line could be overcome with ease. But in practice the future of Korea will be overshadowed by the state of American-Soviet relations in Japan and China. It seems unlikely, for example, that a solution can be found in Korea unless the United States and Russia find a means of settling their current differences on the nature of the control of Japan. The presence of American marines in North China under civil war conditions affecting Man-

churia, in which Russia has special interests, could also influence the Korean situation. As in Europe, the success or failure of the Allies in handling major issues cooperatively will determine their approach to all other problems.

Although international issues dominate the Korean scene, the policies of the powers inside Korea are also significant. Little is known so far about the people the Russians have been working with in their area. In the American zone a multitude of Korean groups of all shades of opinion are operating, but the United States is backing conservative exile elements rather than more liberal leaders who were active against Japanese rule from inside Korea. Special emphasis has been placed on utilizing members of the Korean Provisional Government, an exile body which was located in Chungking during the war years. Kim Koo, president of this régime is now on his way to Seoul, the Korean capital, under American auspices; and in mid-October Syngman Rhee, Washington representative of the exile group, arrived in Seoul as a "guest" of General MacArthur's deputy, Lieutenant-General John R. Hodge. Subsequently, with official approval, Rhee undertook the task of unifying the views of the various Korean groups in the American zone. In interviews with American correspondents since his return to Korea he has not sought to conceal his deep-seated hostility toward the Russians.

The Korean Provisional Government has never ruled in Korea, and its members have spent many years outside the country (Rhee, for example, had been in exile since 1919). Its existence in recent years has rested on official Chinese support and on the backing of Koreans in the United States. It has not, however, been recognized by any government, and when the question of recognition was raised during the war the State Department held that official standing should be withheld from all Korean groups as long as the views of the Korean nation were unknown. The role now assigned by the United States to members of the exile government and to other Koreans will be important in our relations with the Russians, for the abolition of the artificial dividing line of the thirty-eighth parallel requires not only a willingness to exchange coal for rice, but some kind of Soviet-American understanding on the Korean leaders who are to assist the occupying authorities.

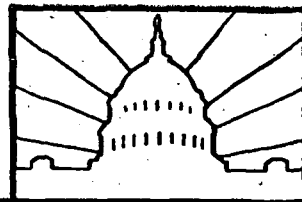
LAWRENCE K. ROSINGER

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Washington News Letter



U.S. JOINS BRITAIN IN SURVEY OF PALESTINE PROBLEM

Since the enunciation of the Balfour Declaration on November 2, 1917, leading political figures of the United States have advocated the establishment of a Jewish National Home in Palestine. Now the sincerity of their advocacy will be tested. The United States on November 13 assumed at least a limited responsibility for Palestine when it agreed with the United Kingdom that the two governments jointly and officially would survey the contribution Palestine can make toward alleviating the distress of homeless Jews of post-war Europe.

SERIOUS ISSUE. The hardships of the Jew did not disappear with Hitler. Ninety per cent of the 75,000 Jews in Germany are said to desire settlement in Palestine, and Jews have been fleeing from Poland southward in the hope of reaching Palestine. The despair of the persecuted wanderers stresses the need for an early and brave decision about Palestine.

If the United States and the United Kingdom decide that Palestine can accommodate a large number of homeless European Jews now, the White Paper issued by the British government in 1939 as an amendment to the Balfour Declaration should be quickly revoked. The cessation of immigration for which the White Paper called came on October 26, and if the United States and United Kingdom decide that Palestine is to be closed forever to Jewish immigration, they should at once find other avenues of escape for the unsettled Jews. President Truman personally favors immigration, and proposed in a letter to British Prime Minister Attlee on August 31 that Palestine be opened to 100,000 European Jews. Attlee on September 16 sent Truman a letter opposing the suggestion but urging the creation of a joint Anglo-American policy.

Yet the decision the two countries now jointly make will hinge to some extent on Arab opposition. For Arab opponents of the National Home idea imply that continued Jewish immigration into Palestine will inspire Arab resistance, and the problem confronting the friends of the National Home is whether that resistance would be formidable. President Roosevelt was sufficiently impressed by the Arab position to write King Ibn Saud of Saudi Arabia on April 5 that this country would make no decisions without consulting both the Arabs and the Jews. In a restatement of the Roosevelt policy on October 18, Secretary of State Byrnes made public the letter to Ibn Saud.

The total population of the Arab countries is little

over 30,000,000, and their individual military organizations are weak. Yet the latent threat of force arouses fear in some quarters that this country might have to use troops to enforce the policy of keeping Palestine open to immigrants. The possibility of Arab countermoves has attracted the support of a segment of the oil industry in the United States for the Arab position; Standard Oil of California and the Texas Company jointly hold the rich petroleum concession of Saudi Arabia, and King Ibn Saud is the most outspoken of all Arabs against further immigration. Concern lest Ibn Saud expropriate the concession has aroused some opposition to the National Home among U.S. military officials, who regard oil concessions as important to our security. State Department officials dealing with Middle Eastern affairs, and officers of the diplomatic missions in Middle Eastern countries sympathize for the most part with the Arab point of view.

DISPLAYS OF VIOLENCE. Violent outbreaks in the areas bordering on the eastern Mediterranean have emphasized the determination of both Arabs and Jews to realize their aims. Jews in Palestine went on a general strike in protest against the closing of immigration. A clandestine radio station, Voice of Israel, on October 12, called on the Jews to "resist," and sabotage in Palestine on November 1 halted the railroads. During November 1-3 seven Jews were killed in riots in five Egyptian cities, and Arabs subsequently assassinated more than 100 Jews in Tripolitania. Arabs and Jews also have made their organizational strength felt. The World Zionist Conference in London last August 14 asked for the immigration of 1,000,000 more Jews into Palestine; the Arab League, formed at Alexandria last March 24, has declared through Dr. Izzat George Tannous, head of the Arab Office in London, that force would be required to get 100,000 more Jews into Palestine.

Apparently the pressure of distressed Jews on the gates of Palestine will continue whatever the United States and United Kingdom decide. Illegal immigration is common, and 208 refugees, who had entered Palestine without permits, escaped from the internment camp at Haifa on October 8. In measuring the possibility of violent Arab resistance to unrestricted immigration, the United States and the United Kingdom will have to consider also the fact that the Jews show violence when immigration is severely limited.

BLAIR BOLLES

November 1945

Brief Who's Who of Candidates

RAYMOND LESLIE BUELL: Research Director, Foreign Policy Association, and President, 1933-39; member of Board since 1939; conducted courses in history, economics, government, Columbia University, Harvard, Occidental College; lecturer, Princeton, Yale, University of California, etc.; representative of Foreign Policy Association, Pan American Conference at Havana, 1928; Chairman of Commission on Cuban Affairs, 1934; Round Table Editor, *Fortune Magazine* since 1938; author of numerous books on international affairs.

JOSEPH P. CHAMBERLAIN: Chairman of Board, Foreign Policy Association, 1933-39; member of Board since 1919; Professor of Public Law, Columbia University since 1923; counsel, New York Charter Commission, 1935-36; member, High Commission for Refugees from Germany, 1933-35; Visiting Professor, Oxford University 1939-40; Assistant to Secretary of Treasury, 1940; member Board, Equitable Life Assurance Society of U.S.; writer of books and articles on international relations and law.

PAUL U. KELLOGG: Initiator of Foreign Policy Association, 1918, and member of Board since 1918; editor *The Survey*, 1912-23, and *Survey Graphic* since 1921; member, Commission of Inquiry of Needs of Refugees; Emergency Red Cross Commission, Italy, 1917; member, American Commission Ethiopian Crisis, 1935; president, National Conference of Social Work, 1939; member, Committee on Democratic Foreign Policy since 1942.

MRS. FREDERIC R. KING: Member, Board of Directors, Foreign Policy Association since 1941; Managing Editor *Vogue Magazine*, 1921-23; President, Art Workshop of Rivington Neighborhood Association, Arts and Crafts for Workers, 1937-45.

MRS. THOMAS W. LAMONT: Member, Board of Directors, Foreign Policy Association since 1926; member of Board of American Association for the United Nations; member Committee for a Just and Lasting Peace of Federal Council of Churches; member of Board, Women's Action Committee for Victory and Lasting Peace; member of Board, New School for Social Research, 1920-43; served on Board of China Society of America; on Board of Russian War Relief during the war.

JAMES G. McDONALD: Chairman, Foreign Policy Association, 1919-33; member of Board since 1918; League of Nations High Commissioner for Refugees (Jewish and others) Coming from Germany, 1933-35; editorial writer on foreign affairs, *The New York Times*, 1936-38; Chairman, President's Advisory Committee on Political Refugees since 1938.

JAMES GRAFTON ROGERS: Lawyer, educator; Assistant U.S. Secretary of State, 1931-33; Master, Timothy Dwight College and Professor of Law, Yale University, 1935-42; Office of Strategic Services, Washington, D.C., 1942-43; founder, 1912, and President, Civic League of Denver (Colo.); president, Mayor's Advisory Council, Denver, 1923; member, American Bar Association; member Board of Editors *American Bar Journal* since 1942; author of many published papers and addresses; president, Foreign Bondholders Protective Council, Inc., N. Y. C.

EUSTACE SELIGMAN: Member, Board of Directors, Foreign Policy Association since 1926; lawyer, partner, firm Sullivan & Cromwell; Trustee, Amherst College; Director Legal Aid Society; member Exec. Com. Civil Service Reform Association; trustee; Ethical Culture Society; public interest director Federal Home Loan Bank of New York.

ROBERT J. WATT: Member, Board of Directors, Foreign Policy Association since 1942; v. p. Mass. State Fed. of Labor, 1932-37; American Workers delegate to Geneva, 1936-40; member, President Roosevelt's Commission to England and Sweden, 1938; alternate member, National Defense Mediation Board; Chmn. labor advisory commission, Federal Communications Commission; member, Federal Advisory Board, Vocational Education; international representative A. F. of L. since 1936.

The Annual Meeting of the Foreign Policy Association, Incorporated, will be held at The Waldorf-Astoria, New York, on Saturday, December 15, 1945.

The brief business meeting will be held at 12:15, immediately preceding the luncheon meeting.

FRANK ROSS McCOY, President

PROXY FOR BOARD OF DIRECTORS

The candidates listed below have been nominated to serve on the Board of Directors of the Foreign Policy Association, Incorporated, as indicated, and have expressed their willingness to act if elected. The word "Re-election" appears after the names of the present members of the Board of Directors who have consented to run again.

Persons other than those nominated by the Nominating Committee are eligible to election, and space is provided on the proxy for naming such other candidates. Attention is called to the fact that:

"All members of the Board of Directors shall be members of the Association who are so circumstanced that they can attend the meetings of the Board regularly."

Constitution, Article IV, Paragraph 3.

In accordance with the provisions of the Constitution, the candidates receiving the largest number of votes cast at the annual meeting, December 15, 1945, will be declared elected.

Please note that proxies cannot be used

1. unless received at National Headquarters not later than Wednesday, December 12, 1945;
2. unless the proxy returned is signed by the member.

Only members of the Association who are citizens of the United States have voting privileges.

Nominating Committee: Mr. Francis T. P. Plimpton, *Chairman*
Mrs. Henry Barbey Mrs. Joseph R. Swan
Mrs. Henry Goddard Leach Mr. Harrison Tweed
Mr. George Roberts

Please cut along this line and sign and return the proxy to the office of the
Foreign Policy Association, Incorporated, 22 East 38th Street, New York 16, N. Y.

PROXY

Put cross (x) beside names of candidates of your choice.

Vote for one in the Class of 1947.

Vote for eight in the Class of 1948.

I authorize Frank Ross McCoy or Walter Wilgus or a substitute to vote for directors of the Foreign Policy Association, Incorporated, as indicated below:

CLASS OF 1947

JAMES GRAFTON ROGERS		
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CLASS OF 1948

RAYMOND LESLIE BUELL	RE-ELECTION		JAMES G. McDONALD	RE-ELECTION	
JOSEPH P. CHAMBERLAIN	RE-ELECTION		EUSTACE SELIGMAN	RE-ELECTION	
PAUL KELLOGG	RE-ELECTION		MRS. FREDERIC R. KING	RE-ELECTION	
MRS. THOMAS W. LAMONT	RE-ELECTION		ROBERT J. WATT	RE-ELECTION	

(A brief "Who's Who" of the candidates is given on the back of this page.)

(Sign here)

Member